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1964

12th. annual report

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FIRST MARITIME MINING CORPORATION
LIMITED
(NO PERSONAL LIABILITY)

**ANNUAL
REPORT
1964**



FIRST MARITIME MINING CORPORATION

L I M I T E D

(NO PERSONAL LIABILITY)

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc.	Toronto, Ontario.
ROBERT J. ISAACS, B.A.Sc., P.Eng.	Islington, Ontario.
HARPER KENT	Bathurst, New Brunswick.
GILBERT KERLIN	New York City, U.S.A.
HUGH H. MACKAY	Toronto, Ontario.
GORDON L. MOORE	Islington, Ontario.
WILLIAM A. ROBINSON	Toronto, Ontario.

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc.
ROBERT J. ISAACS, B.A.Sc., P.Eng.
GORDON L. MOORE
CHARLES B. BRANNIGAN

President
Vice-President & Managing Director
Secretary-Treasurer
Assistant-Treasurer

MINE MANAGER

W. HOLLAND SMITH, B.Sc., P.Eng. Tilt Cove, Green Bay
District, Newfoundland.

TRANSFER AGENTS

GUARANTY TRUST COMPANY
OF CANADA
and %
THE CENTRAL TRUST COMPANY
OF CANADA
Toronto, Ontario and
Montreal, Quebec,
Fredericton,
New Brunswick.

BANKERS

THE BANK OF NOVA SCOTIA

AUDITORS

SNYDER, CRAIG & Co. Toronto, Ontario.
CHARTERED ACCOUNTANTS.

HEAD OFFICE

TOWN OF BATHURST, NEW BRUNSWICK.

EXECUTIVE OFFICE

SUITE 908 - 330 BAY STREET, TORONTO, ONTARIO.

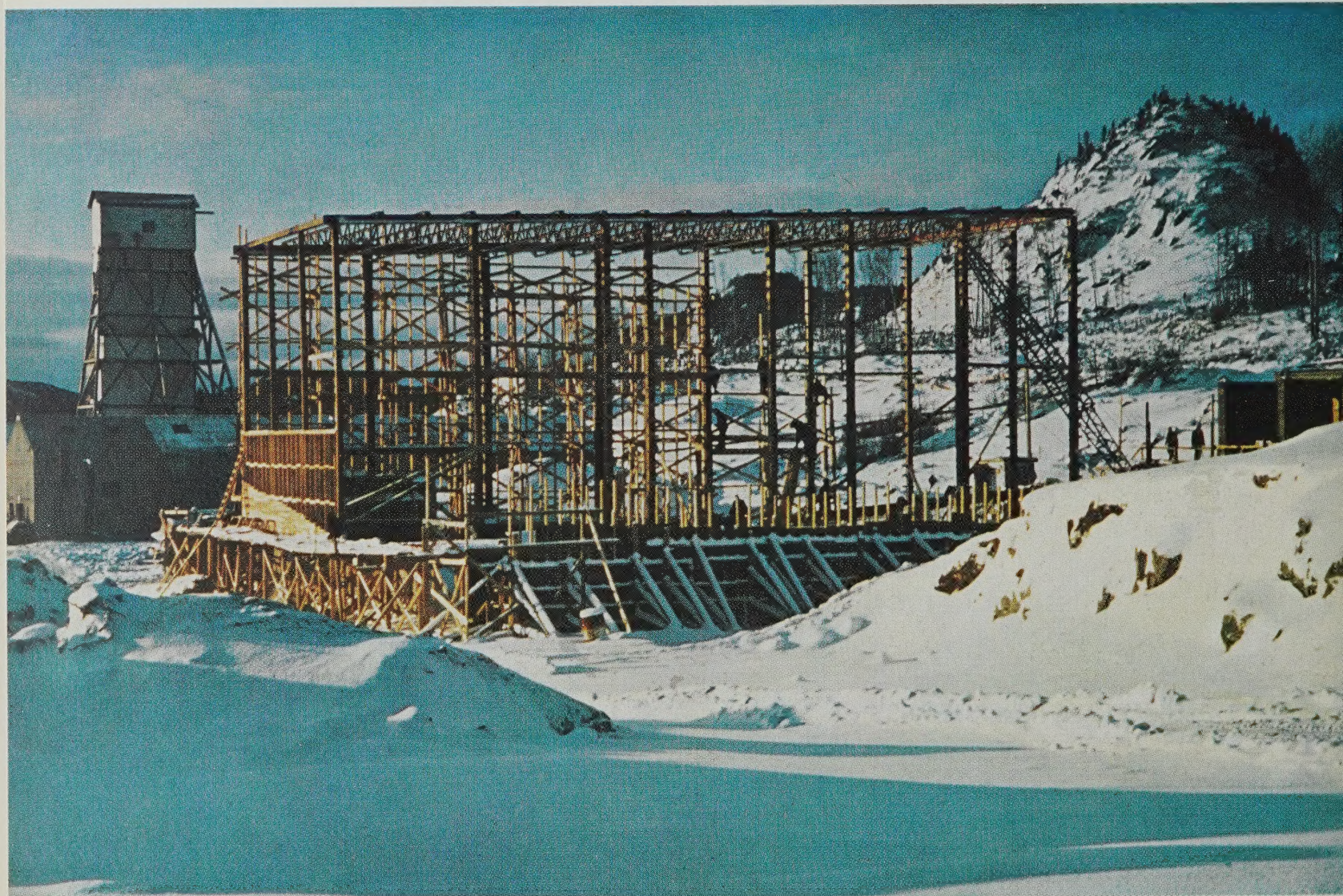
MINE OFFICE

TILT COVE, NEWFOUNDLAND.

FIRST MARITIME MINING CORPORATION

L I M I T E D

(NO PERSONAL LIABILITY)



Gullbridge "Mill" under construction.



FIRST MARITIME MINING CORPORATION

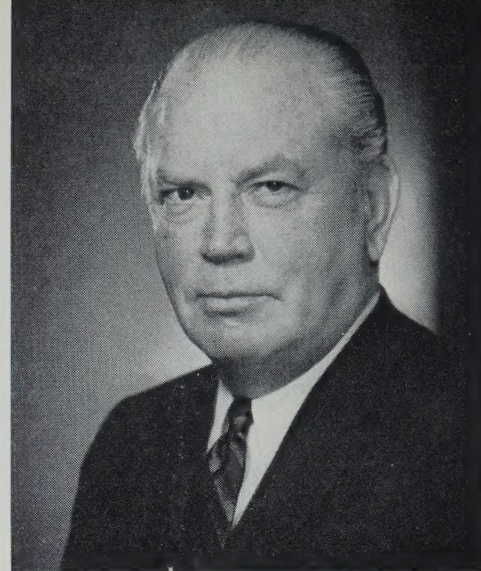
L I M I T E D

(NO PERSONAL LIABILITY)

SUMMARY

	1964	1963	1962	1961
Net Average Price Received for Copper Sold	32.2332¢	30.8592¢	30.6424¢	28.2458¢
Total Revenue	\$5,533,769	\$5,366,222	\$7,146,329	\$6,928,828
Net Profit before Depreciation and Mining Taxes	\$2,009,014	\$1,156,154	\$1,637,428	\$1,433,148
Net Profit (Loss) after Depreciation and Provincial Taxes	\$ 686,191	\$ (235,483)	\$ 213,436	\$ 26,044
Cash Flow per Share (based on 5 Million shares issued)	39.7¢	23.0¢	32.4¢	28.5¢
Pounds of Copper Produced	16,257,477	17,453,500	22,656,700	24,002,400
Ounces of Gold Produced	4,223.76	4,358.06	5,053.03	5,145.87
Pounds of Copper in Process and Storage	14,398,992	14,858,820	20,667,156	19,170,678
Current Assets	\$3,277,340	\$1,874,321	\$2,457,837	\$2,023,933
Investment in Other Mining Companies	\$9,132,541	\$6,676,824	\$6,687,350	\$6,657,707
Current and Deferred Liabilities	\$ 534,262	\$2,993,338	\$4,568,445	\$5,899,604
Number of Employees at Year's End	198	238	294	328
Shareholders of Record	4,300	4,700	4,850	4,908

Directors' Report



M. J. BOYLEN, D.C.L., D.Sc.
President

TO THE SHAREHOLDERS:

Your Directors submit herewith the Twelfth Annual Report of your Company covering the year ended December 31, 1964.

► CORPORATE CHANGES

Approval was given to all of the matters referred to in the notice calling the Annual and a Special General Meeting of the Shareholders of the Company held on the 16th day of May, 1964. Supplementary Letters Patent were obtained changing the name of the Company from Maritimes Mining Corporation Limited (No Personal Liability) to First Maritime Mining Corporation Limited (No Personal Liability) and reconstituting its capital on the basis of one share of First Maritime Mining Corporation Limited for every two and one half shares of Martimes Mining Corporation Limited.

Subscription warrants were issued to shareholders of record as at May 27th, 1964, offering such shareholders the right to subscribe for one additional share in the capital of the Company at a price of \$1.50 per share for every four shares held by them following the re-organization of the capital aforementioned. Subsequent to the issuance of Supplementary Letters Patent and pursuant to the offering of rights, the Company issued 1,000,000 shares at a price of \$1.50 per share.

To provide additional capital, the shareholders approved an agreement between Lanson Holdings Limited of Toronto, and the Company, whereby Lanson Holdings agreed to purchase \$2,500,000 of 6% convertible debentures of the Company; such debentures have the right of conversion to shares of First Maritime Mining Corporation Limited at the price of \$2.50 per share on or before June 1st, 1968.

The reorganization of the capital structure has resulted in the following share distribution of First Maritime Mining Corporation Limited:

Total authorized	6,000,000 shares
Total issued December 31, 1964	5,000,000 shares
Reserved for retirement of Convertible Bonds	1,000,000 shares

► FINANCIAL

The earnings from operating the Tilt Cove Mine and the money received from the sale of Treasury shares and Debentures during 1964 has enabled your Company to exercise its rights to purchase an additional 277,353 shares of Brunswick Mining and Smelting Corporation Limited at \$4.00 per share and to retire most of its indebtedness with the Bank.

The source and application of funds received during 1964 is shown below:

SOURCE OF FUNDS

Net Profit for the Year	\$ 686,191
Deductions from Income not requiring a Cash Outlay:	
Depreciation	835,559
Mine Development Expenses	200,596
Proceeds from Issue of Convertible Debentures	2,500,000
Proceeds from Issue of Stock	1,500,000
Sale of Fixed Assets (Net)	366,719
Reduction of Materials and Supplies	240,603
	<u>\$6,329,668</u>

APPLICATION OF FUNDS

Investment in Shares of Other Companies	\$1,109,412
Advances to Subsidiaries	1,346,305
Expenditures on Non-Producing Properties	8,056
Reorganization Expenses	3,800
Increase in Working Capital	\$3,862,095
	<u>\$6,329,668</u>
Working Capital, Beginning of Year	(\$1,119,017)
Working Capital, End of Year	\$2,743,078

HOLDINGS IN OTHER COMPANIES

Your Company's equity in other Canadian corporations as at December 31st, 1964, is listed below:

	<i>No. Shares</i>	<i>Percent Ownership</i>
Brunswick Mining and Smelting Corporation Limited (and its wholly owned subsidiaries)	1,933,353	22.3%
Gullbridge Mines Limited, Class B	2,500,000	100.0%
Gullbridge Mines Limited, Class A	500,000	100.0%
Tilt Cove Power Corporation Limited	500,000	100.0%

THE TILT COVE MINE

The Tilt Cove Mine was operated continuously throughout 1964. The Noranda Pool price of copper which averaged 30.85¢ per pound during 1963, gradually increased through 1964 and reached 34.1¢ per pound during December of that year.

EARNINGS

A comparison of earnings for the year under review and the two preceding years is shown below:

	1964	1963	1962
	\$	\$	\$
Mine Operating Profit	2,009,014	1,156,154	2,064,149
Less Interest and Mining Taxes, etc.	263,163	325,391	444,282
Net Profit before Depreciation and Amortization	1,745,851	830,763	1,619,867
Net Profit before Depreciation and Amortization per Share Issued	34.9¢	16.6¢	32.4¢

ORE RESERVES

The advance in the price of copper has made it possible to mine material which was not considered ore in 1963. Under present conditions the mine should operate throughout 1966.

Exploration work, which was discontinued in 1962, was reactivated during the last quarter of 1964. Present plans are to extend drifts east and west of the shaft on the 2,000 foot level to permit investigation of several chloritized greenstone areas adjacent to porphyry bodies which have not been investigated at depth. Drifting to the east is now underway and when completed, deep drilling will commence.

GULLBRIDGE MINES LIMITED

The rehabilitation of and additions to the mining plant at Gullbridge Mines Limited Gull Pond property were continued through 1964 and are dealt with in detail in the Report of the Managing Director.

The decision to move the Tilt Cove mill equipment to the Gullbridge property during 1965 has been deferred. Should new ore be located at the First Maritime Mining Corporation Tilt Cove property, other equipment will be purchased. Present plans are for such equipment to be installed in 1966.

Finances for the Gull Pond property are being provided by First Maritime Mining Corporation, which Company owns all the issued shares of Gullbridge Mines Limited. As of December 31, 1964, a total of \$1,420,389 had been provided.

TILT COVE POWER CORPORATION LIMITED

The Tilt Cove Power Corporation Limited has been operated at cost since it was purchased by First Maritime Mining Corporation Limited. During 1964, this source provided 19,526,800 kilowatt hours of the 25,437,800 kilowatt hours used by the Mine and the Townsite.

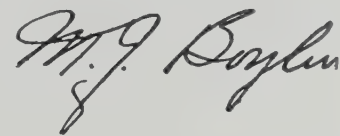
OTHER PROPERTIES

The two mining properties located adjacent to Brunswick Mining and Smelting No. 6 property in the Province of New Brunswick have been retained in good standing.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance of the Mining Departments of the Provinces of Newfoundland and New Brunswick. They also express their appreciation for the loyal and able services rendered during the year by the Mine Manager, staff and employees at the Tilt Cove mine and the Gullbridge property.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "M. J. Boyle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

President.

Dated at Toronto, Ontario,
this 12th day of May, 1965.

Report of the Managing Director

The President and Directors,
First Maritime Mining Corporation Limited,
Suite 908, 330 Bay Street,
TORONTO 1, Ontario.

Gentlemen:

This report covers the operation of your Company's mining properties for the year ended December 31st, 1964.

THE TILT COVE PROPERTY

PRODUCTION:

The year's production results, as well as comparative results for the previous two years are summarized below:

	<i>1964</i>	<i>1963</i>	<i>1962</i>
Total Tons Ore Treated	792,313	831,641	831,681
Average Daily Tonnage	2,165	2,278	2,279
Average Copper Content	1.15%	1.19%	1.53%
Average Gold Content	0.014	0.017	0.022
Total Concentrate Produced	41,871	44,246	57,787
Average Copper Content of Concentrates ..	19.41%	19.72%	19.60%
Pounds Copper Produced	16,257,477	17,453,500	22,656,700
Ounces Gold Produced	4,223.76	4,358.06	5,053.03
Tons Concentrate Shipped	41,630	44,794	62,012
Pounds Copper Shipped	15,954,700	17,763,600	24,207,400
Pounds Copper Marketed	16,493,928	22,618,241	20,390,671
Pounds Copper in Process and Storage ..	14,398,992	14,858,820	20,667,156

At present metal prices enough ore has been indicated to permit continuing production through 1966. Costs for the last four years are shown below. These are exclusive of interest and taxes.

	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
Mining and Development	1.30	1.61	1.68	1.72
Milling	1.07	1.12	1.09	1.08
General and Administration	0.40	0.40	0.46	0.55
Total Mine Operating	2.77	3.13	3.23	3.35
Exploration Work	—	.20	.50	.61
Total Mine	2.77	3.33	3.73	3.96

MINING:

Total ore production for the year was 808,695 tons, all of which came from underground operations.

Production was distributed as follows:

Blasthole Stopping	98.62%
Shrinkage Stopping	1.38%

Development footage compared to previous years is as follows:

	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>To Date</u>
No. 1 Shaft	—	—	—	1,962
Drifts and Crosscuts	350	5,605	13,248	72,784
Raises	290	2,540	3,765	25,709

MILLING:

A summary of milling results for the past three years is shown below:

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Total Ore Milled	792,313	831,641	831,681
Average Tons per Day	2,165	2,278	2,279
Grade % Copper	1.15	1.19	1.53
Recovery %	88.91	88.20	89.18
Tons Concentrate Produced	41,871	44,246	57,787
Grade of Concentrate %	19.41	19.72	19.60
Milling Costs/Ton Ore	\$1.07	\$1.12	\$1.09

REPORT OF THE MANAGING DIRECTOR (cont'd)

POWER:

Power distribution for the year was:

Diesel Power	52,000 KWH
Hydro Power	5,859,000 KWH
Tilt Cove Power Corporation Ltd.	19,526,800 KWH
Total	<u>25,437,800 KWH</u>

TRANSPORTATION:

A total of 41,630 tons of concentrates was shipped to Noranda's Gaspé smelter.

Total Company traffic over the dock during the shipping season was as follows:

<i>No. Vessel Calls</i>	<i>General Cargo Tons</i>	<i>Concentrates Tons</i>	<i>Gallons of Fuel Oil Bulk</i>
<u>67</u>	<u>1,340</u>	<u>41,630</u>	<u>4,011,457</u>

These figures do not include general cargo and concentrates handled on behalf of other parties.

GULLBRIDGE MINES LIMITED

Construction and development work have continued throughout 1965 at the Gull Pond property of Gullbridge Mines Limited. This work is under the direction of the staff of the Tilt Cove Mine.

MINING PLANT:

ORIGINAL SERVICE BUILDING

During 1964 this building was rehabilitated and a hoist, a temporary power plant and a compressor were installed.

POWER PLANT

A new building was constructed to house the diesel power plant, the permanent mine compressors and the steam heating plant. At year's end, a 500 kilowatt diesel generator set and a 2,000 cubic foot compressor had been installed.

CARPENTER SHOP AND COLD STORAGE

This building was 95% completed.

SERVICE BUILDING

This building will house the Accounting, Engineering and Geological offices, the Mine Dry, and the heated warehouse. At year's end the foundations of this building were completed.

MECHANICAL AND ELECTRICAL SHOPS

At year's end work had not commenced on this building.

CONCENTRATOR AND CRUSHER BUILDINGS

At year's end the concentrator building was approximately 80% completed and foundations had been poured for the fine ore bin. Excavation for the crushing plant was approximately 40% completed.

ROADS

The 3.5 mile road between the mining plant and the Trans-Canada Highway was rebuilt during 1964 and the plant roads were approximately 40% completed.

DEVELOPMENT WORK:

Underground development work was recommenced in August. Work completed to date is shown in the following table:

	<i>Before 1964 Ft.</i>	<i>1964 Ft.</i>	<i>Total Ft.</i>
Shaft	560	—	560
Drift and Cross-Cutting	100	2,518	2,618
Diamond Drilling	—	9,638	9,638

ORE RESERVES:

Ore reserves to a depth of 450 feet, are as previously reported. They consist of 4,350,000 tons of 1.24% copper, or 1,958,771 tons of 1.93% copper. These figures will be revised when sufficient underground development work has been completed.

METALLURGY:

Preliminary mill tests indicate that the ore lends itself readily to concentration by flotation methods.

OTHER PROPERTIES

The mining properties of your Company situated near Bathurst, New Brunswick, were maintained in good standing. The properties consist of two groups of mining claims now held under Mining Licences and comprise a total area of 1,806 acres. They are located immediately to the north and to the south of the No. 6 property of Brunswick Mining and Smelting Corporation Limited.

ACKNOWLEDGEMENTS:

I wish to thank the President, Officers, Directors, Mine Manager and his staff and employees of the Company for their continued help and able assistance.

Respectfully submitted,

R. J. ISAACS,
Managing Director.

Dated at Toronto, Ontario,
This 12th day of May, 1965.



First Maritime, Tilt Cove — Newfoundland property.





Gullbridge Mines Limited — Newfoundland property.



BALANCE SHEET

December 31st, 1964

(With comparative figures for 1963)

FIRST MARITIME MINING

(No Person)

(Incorporated under the

	<u>ASSETS</u>	<u>1964</u>	<u>1963</u>
CURRENT		\$	\$
Cash		20,533	20,191
Note receivable and accrued interest		—	18,953
Net estimated amount receivable from sale of mineral concentrates (Note 1)		3,208,462	1,764,611
Accounts receivable		25,767	34,844
Prepaid expenses		22,578	35,722
		<u>3,277,340</u>	<u>1,874,321</u>
INVESTMENTS			
Shares in and advances to subsidiary companies (Note 2)		3,457,119	2,110,814
Shares in other companies (Quoted market value \$28,516,957 — 1963 \$10,432,800) (Note 3)		5,675,422	4,566,010
		<u>9,132,541</u>	<u>6,676,824</u>
FIXED			
Land, mining grants and mining licenses, at cost (Note 4)		1,341,576	1,341,576
Buildings, surface structures and equipment, at cost, less accumulated depreciation of \$5,951,275 (1963 \$5,722,220) (Note 5)		2,404,315	3,650,492
		<u>3,745,891</u>	<u>4,992,068</u>
MISCELLANEOUS AND DEFERRED			
Materials and supplies on hand and in transit, at cost		321,805	562,408
Mine development expenses, less amortization (Note 6)		139,574	332,114
		<u>461,379</u>	<u>894,522</u>
		<u>16,617,151</u>	<u>14,437,735</u>

THE NOTES ATTACHED FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

CORPORATION LIMITED

ility)

s of New Brunswick)

	<u>LIABILITIES</u>	<u>1964</u>	<u>1963</u>
CURRENT		\$	\$
Bank loan, secured	200,000	—	
6% Specific and floating charge debenture payable on demand (U.S. \$2,525,000)	—	2,728,578	
Accounts payable and accrued liabilities	334,262	264,760	
	<u>534,262</u>	<u>2,993,338</u>	
LONG TERM			
6% Convertible debentures, due June 1st, 1969 (Note 7)	<u>2,500,000</u>	<u>—</u>	
SHAREHOLDERS' EQUITY			
CAPITAL STOCK			
Authorized:			
6,000,000 shares of \$1.00 par value			
Issued:			
5,000,000 shares			
(1963 — 10,000,000 shares) (Notes 8 and 9)	5,000,000	10,000,000	
CONTRIBUTED SURPLUS			
Balance, end of year	8,638,072	2,138,072	
DEFICIT			
Balance, end of year	(55,183)	(693,675)	
	<u>13,582,889</u>	<u>11,444,397</u>	
	<u>16,617,151</u>	<u>14,437,735</u>	

Submitted with our report to the Shareholders dated May 19th, 1965.

SNYDER, CRAIG & CO.,

Chartered Accountants.

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

CABLE ADDRESS "JNOCRAIG"
TELEPHONE EMPIRE 6-9444

330 BAY STREET

TORONTO
CANADA

To the Shareholders of
FIRST MARITIME MINING CORPORATION LIMITED,
(No Personal Liability)
Bathurst, New Brunswick.

We have examined the Balance Sheet of First Maritime Mining Corporation Limited (No Personal Liability) as at December 31st, 1964, the Statements of Profit and Loss, Contributed Surplus and Deficit for the year ended on that date and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No financial statements of Newfoundland Gull Lake Mines Limited, a wholly-owned subsidiary, are available for fiscal periods up to and including December 31st, 1964. We are therefore unable to express an opinion on the value of this investment.

Subject to the above limitation, in our opinion, the attached Balance Sheet, Statements of Profit and Loss, Contributed Surplus and Deficit and the Notes to the Financial Statements present fairly the financial position of the Company as at December 31st, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

The extent of your Company's interest in and advances to subsidiary companies is set out in Note 2 of the Notes to the Financial Statements. The accounts of these subsidiaries have not been consolidated with, nor have any losses incurred by these subsidiaries been provided for in the accounts of the parent company. The amount of the loss incurred by Tilt Cove Power Corporation Limited, the operating subsidiary, since the date of acquisition is estimated at approximately \$350.

Toronto, Canada,
May 19th, 1965.

Snyder Craig & Co.

Chartered Accountants.

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31st, 1964

AMOUNT RECEIVABLE FROM SALE OF MINERAL CONCENTRATES

1. Mineral concentrates produced have been sold to an independent processor. Final determination of the amount receivable is reported to the company by the processor in the fourth month following the placing of the mineral concentrate into process.

INVESTMENTS	<i>Interest Held %</i>	<i>Shares at Cost \$</i>	<i>Advances \$</i>
2. Non-operating subsidiaries			
Gullbridge Mines Limited and Newfoundland Gull Lake Mines Limited	100	1,534,369	1,442,498
Operating subsidiary			
Tilt Cove Power Corporation Limited	100	300,000	180,252
		<u>1,834,369</u>	<u>1,622,750</u>
		1,622,750	
Per Balance Sheet		<u>3,457,119</u>	
3. Other companies			
Brunswick Mining and Smelting Corporation Limited (1,933,353 shares having a quoted market value of \$28,516,957)	22.6	<u>5,675,422</u>	

LAND, MINING GRANTS AND MINING LICENSES

4. These assets are comprised of:	<i>Cost \$</i>
In the Province of Newfoundland:	
Land and surface properties	39,020
Mining and land grants at Tilt Cove, Green Bay District	1,182,556
In the Province of New Brunswick:	
2 Mining licenses in the Parish of Bathurst, County of Gloucester	120,000
Per Balance Sheet	<u>1,341,576</u>

NOTES TO FINANCIAL STATEMENTS (cont'd)

DEPRECIATION AND MINE DEVELOPMENT PROVISIONS

5. Depreciation has been provided on all buildings, surface structures and equipment at the rate of 10% per annum from commencement of production, September 1st, 1957, to date.
6. Amortization has been provided on development expenses incurred in the company's Newfoundland properties at the rate of 15% per annum from commencement of production, September 1st, 1957, and at December 31st, 1964, such development expenses are completely amortized. The balance remaining represents development expenses on the company's New Brunswick properties.

6% CONVERTIBLE DEBENTURES

7. The 6% debentures, maturing June 1st, 1969, are convertible on or before June 1st, 1968 into shares of the company at the rate of one share for each \$2.50 of principal. The debentures are secured by a floating charge on the company's assets and are redeemable at par plus accrued interest on thirty days' written notice to the registered holders thereof.

CAPITAL STOCK

8. On May 19th, 1964, Supplementary Letters Patent were issued changing the name of the company to First Maritime Mining Corporation Limited (No Personal Liability), decreasing the authorized capital from \$10,000,000 to \$4,000,000 by the pro-rata cancellation of 6,000,000 of the issued shares of the par value of \$1 each and increasing the authorized capital to \$6,000,000 by the creation of an additional 2,000,000 shares of the par value of \$1 each.
9. Subsequent to the reorganization, shareholders of the company were offered the right to subscribe for one additional share of the company at \$1.50 per share for each four shares then held. As a result of this offering, 1,000,000 shares were subscribed for and \$1,500,000 received therefor.

FUTURE FINANCING

10. Falconbridge Nickel Mines, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the company.

DIRECTORS' FEES

11. Directors' fees in the amount of \$1,250 have been paid pursuant to a by-law which was approved at a meeting of the directors held on May 16th, 1964 and which awaits approval at the next meeting of the shareholders.

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

STATEMENT OF PROFIT AND LOSS

For the year ended December 31st, 1964

(With comparative figures for 1963)

	1964	1963
	\$	\$
INCOME		
Gross metal production	5,533,769	5,366,222
Less: Marketing costs	1,346,629	1,458,802
Net metal production	4,187,140	3,907,420
OPERATING EXPENSES		
Mining	1,029,470	1,503,092
Milling	836,535	931,347
Mine general expenses	219,739	239,978
Administrative expenses	92,382	76,849
	2,178,126	2,751,266
NET PROFIT on operations before provision for depreciation, mine development expenses written off and provincial mining tax	2,009,014	1,156,154
PROVISION FOR		
Depreciation of fixed assets	835,559	937,271
Mine development expenses written off	200,596	451,341
Provincial mining tax	23,505	3,025
	1,059,660	1,391,637
NET PROFIT (Loss) on operations	949,354	(235,483)
FINANCIAL EXPENSES		
Interest on demand debenture	146,075	216,168
Other interest	115,549	99,545
Foreign exchange	1,539	9,678
	263,163	325,391
NET PROFIT (Loss) for the year	686,191	(560,874)

FIRST MARITIME MINING CORPORATION LIMITED

(No Personal Liability)

STATEMENT OF CONTRIBUTED SURPLUS

For the year ended December 31st, 1964

(With comparative figures for 1963)

	1964	1963
	\$	\$
Balance, beginning of year	2,138,072	2,138,072
Add: Surplus arising from pro-rata cancellation of 6,000,000 shares	6,000,000	—
Premium on shares issued during the year	500,000	—
Balance, end of year	<u>8,638,072</u>	<u>2,138,072</u>

STATEMENT OF DEFICIT

For the year ended December 31st, 1964

(With comparative figures for 1963)

Balance, beginning of year	693,675	124,427
Add: Loss on disposal of fixed assets (net)	43,899	8,374
Reorganization expenses	3,800	—
	<u>741,374</u>	<u>132,801</u>
Deduct: Net profit (loss) for the year	686,191	(560,874)
Balance, end of year	<u>55,183</u>	<u>693,675</u>

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

CABLE ADDRESS "JNOCRAIG"
TELEPHONE EMPIRE 6-9444

330 BAY STREET

TORONTO
CANADA

To the Shareholders of
GULLBRIDGE MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Gullbridge Mines Limited as at December 31st, 1964, the Notes thereon, and the Statement of Mine Development for the year ended on that date. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence, except as noted below, as we considered necessary in the circumstances.

No physical inventory was taken during the year of the materials and supplies on hand and shown on the Balance Sheet at the recorded cost thereof at December 31st, 1964, of \$113,996. Weather conditions subsequent to the year end made the verification by us of a substantial portion of the inventory impossible. We are therefore unable to express an opinion on the value of this asset.

Subject to the above limitation, the attached Balance Sheet, the Notes thereon, and the Statement of Mine Development present fairly the financial position of the Company as at December 31st, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Snyder Craig & Co.

April 27th, 1965.

Chartered Accountants.



GULLBRIDGE

(Incorporated under the laws of the Province of Newfoundland)

BALANCE SHEET

December 31, 1953

ASSETS

CURRENT	\$	\$
Cash	2,490	
Accounts receivable	2,799	
Prepaid expenses	14,010	19,299
	<hr/>	
FIXED		
In the Province of Newfoundland:		
16 Fee simple mining grants at Great Gull Lake, at cost	38,012	
Buildings, surface structures and equipment, at cost	519,117	
Construction in progress	443,199	1,000,328
	<hr/>	
MISCELLANEOUS AND DEFERRED		
Materials and supplies on hand, at cost	113,996	
Materials and supplies in transit, at cost	15,675	
Mine development expenses	1,359,586	1,489,257
	<hr/>	

NOTE 1.

The company has entered into a contract with Mindecon Limited, whereby Mindecon Limited will supervise the construction and installation of the company's mining plant and equipment at Great Gull Lake, Newfoundland. Mindecon is to receive a fee of \$125,000 for this service based on an estimated cost of \$2,500,000.

NOTE 2.

Cumulative dividends at a fixed rate of five cents per share on Class A shares are in arrears from January 1st, 1953. In the event of liquidation, dissolution or wind-up of the company, holders of Class A shares are entitled to receive for their shares \$1.00 per share plus unpaid dividends to date prior to any claims of Class B shareholders.

2,508,884

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

MINES LIMITED

(Laws of Ontario)

SHEET

st, 1964

● LIABILITIES

CURRENT

	\$	\$
Accounts payable and accrued liabilities		186,709

ADVANCE FROM PARENT COMPANY

First Maritime Mining Corporation Limited		1,442,408
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COMMITMENT (Note 1)

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

500,000 Class A cumulative, non-voting shares without par value, redeemable at not more than \$1.00 per share and not to exceed in the aggregate (Note 2)	300,000
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3,000,000 Class B shares without par value, not to exceed in the aggregate	3,000,000
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Issued:

500,000 Class A shares	25,000
2,500,000 Class B shares	946,959

971,959

DEFICIT

Balance, January 1st, 1964	84,032
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Add: Loss on abandonment of buildings and equipment	8,160
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Balance, December 31st, 1964	92,192	879,767
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2,508,884

Submitted with our Report to the Shareholders dated April 27th, 1965.

SNYDER, CRAIG & CO.,
Chartered Accountants.

GULLBRIDGE MINES LIMITED

STATEMENT OF MINE DEVELOPMENT EXPENSES For the year ended December 31st, 1964

	\$	\$
Balance, January 1st, 1964		891,996
Administration	16,358	
Dewatering shaft	50,659	
Drifting and crosscutting	68,068	
Haulageways	46,589	
Land clearing	15,826	
Mine office overhead	101,579	
Road construction	77,875	
Station cutting	59,553	
Surface exploration	3,118	
Underground diamond drilling	27,965	467,590
Balance, December 31st, 1964		<u>1,359,586</u>

LOFTUS A. ALLEN & COMPANY

CHARTERED ACCOUNTANTS

LOFTUS A. ALLEN, C.A.

JOHN A. ALLEN, C.A.

JOHN F. CROSSLEY, C.A.

LICENSED TRUSTEE

SUITE 235 - 48 YONGE STREET

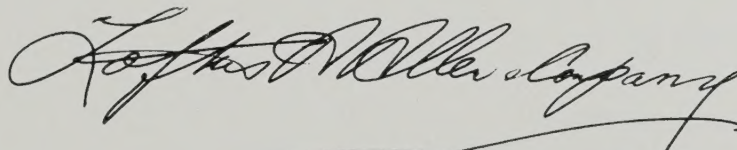
TORONTO 1, CANADA

TELEPHONE
363-8348

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of TILT COVE POWER CORPORATION LIMITED as at December 31, 1964 and the statement of profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of profit and loss present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Chartered Accountants

Toronto, Ontario.
May 12, 1965.

TILT COVE POWER CORPORATION LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET As at December 31, 1964

ASSETS

CURRENT ASSETS

Cash	\$	871	
Stores and supplies		15,116	\$ 15,987

FIXED ASSETS — at cost

Leased lands	\$	1	
Buildings and plant			
Site clearing and foundations	\$	71,906	
Building superstructure		49,234	
Machinery and equipment		724,598	
Offsite machinery and equipment		37,160	
Furniture, fixtures, tools and moveable equipment		870	
		<u>\$ 883,768</u>	
Less: Accumulated depreciation		467,827	415,941 415,942

DEFERRED CHARGES

Prepaid insurance			6,122
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ORGANIZATION EXPENSE			785
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\$ 438,836

LIABILITIES

CURRENT LIABILITIES

Bank overdraft	\$	429	
Accounts payable		15,133	
Wages payable		1,669	\$ 17,231

ADVANCE FROM

First Maritime Mining Corp. Ltd.			180,252
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SHAREHOLDERS' EQUITY

Capital			
Authorized and Issued			
500,000 Common shares without par value	\$	250,001	
Deficit			
Unchanged since December 31, 1962		8,648	241,353

\$ 438,836

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

TILT COVE POWER CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1964

REVENUE

Power	\$ 348,408	
Steam	52,135	\$ 400,543

OPERATING EXPENSE

Bunker "C" Oil	\$ 200,614	
Wages	43,129	
Supplies and spare parts	12,459	
Miscellaneous operating expense	4,280	
Employee benefits	1,110	\$ 261,592

ADMINISTRATIVE AND GENERAL EXPENSE

Office maintenance and expense	\$ 3,626		
Travelling	490		
Insurance	5,539		
Taxes	95	9,750	271,342

OPERATING PROFIT			\$ 129,201
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FINANCIAL EXPENSE

Loan interest	\$ 9,108		
Bank charges		93	9,201
			\$ 120,000

DEPRECIATION

on buildings and plant			120,000
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NET PROFIT OR LOSS FOR THE YEAR			Nil
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